

Village of Richfield

Escrow/Letters of Credit Policy

1.0 PURPOSE:

The purpose of this policy is to create guidelines for Village staff to correctly and adequately assure that developer's reimburse the Village for costs the Village incurs associated with coordination, communication, legal, engineering, inspection, and planning of new developments within the Village of Richfield, and to guarantee that the developer timely completes development projects, and warrants such improvements as required by Village ordinances and development agreements, within the Village of Richfield. The escrow account created will be used for costs associated with these services and upon completion any remaining funds will be returned to the developer. The letter of credit will serve as a financial guarantee.

2.0 ORGANIZATIONS AFFECTED:

This policy applies to all developers who have the intent to develop land within the Village of Richfield, and implementation of the policy applies to Village staff members.

3.0 POLICY:

It is the policy of the Village to enforce all guidelines dictated in this policy and in local ordinances regarding escrow accounts and letters of credit for developments in the Village of Richfield.

4.0 FEES: ACCOUNT ESTABLISHMENT PROCEDURES:

Escrow accounts are required for all residential projects and all other projects that involve development of multiple lots, for payment of fees required by Village Ordinance 66.09. Escrow accounts may also be required for non-residential development on a case by case basis and as required by applicable ordinances and development agreements.

- 4.1 Plans for improvement or construction plans or requests for services are first submitted to the Planning and Zoning Administrator and the Building Inspector along with appropriate review fees as outlined in Village Ordinance 66.09. Fee rates are based off the most current Village fee schedule. Deposits for projects not included in the fee schedule will be determined by the Planning and Zoning Administrator on a case-by-case basis.

- 4.2 Fees are deposited into a segregated account for each project. The Planning and Zoning Administrator may require separate fees to be deposited for each phase of a multiple-phase project.
- 4.3 The escrow account is in addition to the Planning and Zoning Department fees for re-zoning and platting. The Planning and Zoning fees are in place to cover costs associated with publishing of public hearings, sending out public notices to nearby residents, sending out plans to other agencies, Plan Commission and Village Board reviews, etc.
- 4.4 Only after all escrow fees have been submitted and approved by the Planning and Zoning Administrator and Building Inspector will the project plans will be sent to the Plan Commission for approval.
- 4.5 As charges pertaining to the development accrue, the Village shall draw payment from the escrow account and keep a record of having done so.
- 4.6 The Village Deputy Treasurer shall maintain detailed records for each individual project account, and provide updates to the developer and to the Planning and Zoning Administrator as bills are paid from the escrow account on a monthly basis for all active accounts.

5.0 FEES: CLOSE ACCOUNT PROCEDURE:

The following procedure will be followed to ensure all funds are correctly handled upon completion of a project. All funds not used shall be submitted back to the project developer once all work is fully completed, inspected and approved, subject to the following procedure and limitations.

- 5.1 Sixty days after acceptance of improvements, all charges should be received and processed through the account. At this time the project developer may file a written request for account closure with the Planning and Zoning Administrator.
- 5.2 The Planning and Zoning Administrator shall verify with the Deputy Treasurer that there are no outstanding invoices or unpaid charges. If there are no outstanding invoices or charges, the Planning and Zoning Administrator shall provide the Deputy Treasurer with authorization to close the escrow account. If there are outstanding invoices or unpaid charges, the account shall not be closed until such time as the outstanding invoices or charges are paid, and if this is anticipated to take more than 30 additional days, the developer shall be notified of the cause of the delay.
- 5.3 The Deputy Treasurer shall prepare a voucher in the amount of all funds not used and remaining in the account, for the Plan Commission's

consideration and possible approval, and upon approval the Deputy Treasurer shall issue a check for the account balance.

6.0 FINANCIAL GUARANTEE: LETTER OF CREDIT:

Letters of credit will be required of all new subdivisions, land divisions, and other projects as requested, such as larger engineering projects and public construction.

7.0 FINANCIAL GUARANTEE: LETTER OF CREDIT PROCEDURE:

A bank will issue an irrevocable letter of credit on behalf of the developer to provide assurances of his ability to perform under the terms of a contract between the Village and the developer.

- 7.1 The letter of credit may be reduced throughout the project by request of the developer and approval by the Planning and Zoning Administrator, in the amount of the cost of work that is completed and paid, provided that sufficient funds remain in the letter of credit equal to 120 percent of the cost of completing all remaining improvements as estimated by the Village Engineer.
- 7.2 No funds shall be released until the Village Engineer and the Planning and Zoning Administrator inspect all work and find that it is completed and in compliance with all Village standards.
- 7.3 The project developer may file a written request for release of the letter of credit with the Planning and Zoning Administrator.
- 7.4 Thirty (30) days prior to expiration of the letter of credit the Village staff will ask for a renewal letter of credit if necessary. This is intended to serve as a reminder to Village staff, and shall not limit in any way the right of the Village to demand renewal earlier or later than thirty (30) days prior to expiration, or to draw on the letter of credit as allowed by applicable laws, agreements, and the terms of the letter of credit.
- 7.5 Once the Plan Commission finds that all work is properly completed, approved, and final acceptance has been granted in the manner described in the agreement with the developer, and the work paid for by the developer; and the guarantee period required by the agreement and applicable laws, including Section 66.01(L)(4), has expired; and the Planning and Zoning Administrator verifies with the Deputy Treasurer that there are no outstanding invoices or unpaid charges; then the Deputy Treasurer shall release the letter of credit at the direction of the Planning and Zoning Administrator.